BUCK FINANCIAL ADVISORS, LLC

"Helping you Determine your Financial Future"

Peace of Mind in a Recession!

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Lately there has been much written about recession; hours reduced, wage cuts or freezes, and job elimination. This is a major trauma that can affect you emotionally and financially. There is one thing that can not only bring you financial protection, but great peace of mind; and that is what financial planners call an "Emergency Fund".

Most financial planners recommend an amount of three to six months worth of expenses. Each person's needs are different, and varies based on the stability of your job, your assets, your insurance. I believe everyone should be able to access an amount equivalent to six months of expenses readily available and without the risk of loss.

It's best to keep your emergency funds separate from a savings account that you use for planned purposes, like vacations, home improvements, a wedding, a new car, or a down-payment on a house.

Keeping it separate makes it easier to leave it alone. Where to keep your fund is the next issue. They must be liquid, but also marketable. What this means is you must be able to quickly convert them to cash without loss of principal. My first choice is to have some of it in a money market fund or high interest savings account. If you have the full six months, you might invest part of it in several CD's maturing each month; referred to as a ladder. This would allow you some access to additional money each month, and if you needed all of your fund for some reason, your only loss would be the early withdrawal penalty. Stocks are certainly liquid, but not suitable for your emergency fund, as their volatility may cause you to lose money if forced to sell when the prices were down.

Don't be discouraged; according to Ohio University researchers, just three in 10 households have a cash fund that would cover their expenses for a minimum of three months. To build your fund may take some time, but adding a few dollars every pay period sets you on the way to control your own financial future. Then, follow it; don't change it based on the short term swings of the market. Change it as your needs change.

Buck Financial Advisors provides independent, commission-free financial advice for people from all walks of life. When you or someone you know needs help, Buck Financial Advisors is there. See www.buckfinancial.com for more information.

Charles Buck CFP®

People first, then money, then things.

Suze Orman

DID YOU KNOW!

Last year retirement plan legislation was passed by the Senate and House which includes a one-year suspension of the required minimum distributions (RMD) for 2009, for taxpayers are 70 ½ and older.

Here are more details:

• If you reach 70 ½ in 2008, you must still take your first payout by April 1, 2009 (because it was for the 2008 year) but you don't need to take the second payout – the 2009 one.

• Inherited IRAs are included so heirs do not need to take withdrawal in 2009. Those with a mandatory five-year payout also can skip 2009, extending the payout period by one year.

• Also applies to 401(k) and 403(b) plans. This may hold your income below the $100,000 level if you want to convert an IRA to a Roth in 2009.

• If your 2008 balance actually increased, you can still skip the withdrawal.